

To plan for the future, first we must understand the past and present. This chapter provides an overview of existing conditions related to tourism and recreation in Montana. It begins with a “big picture” summary of statewide socio-economic trends. It discusses tourism’s role in Montana’s economy, including statewide and regional tourism/recreation trends over the past decade. It then outlines the natural and man-made assets that support tourism and recreation, as well as the challenges and threats facing Montana’s tourism and recreation industry, in the context of the changing economy, environment, and political climate.

A. Statewide Socio-Economic Trends

Montana is the fourth largest state in the U.S., encompassing 145,552 square miles, and is home to only 902,000 citizens, or 6.2 people per square mile (2000 Census). Yet Montanans hosted nearly 9.5 million nonresident visitors in 2001. Those nonresidents spent \$1.7 billion in Montana, helping to make tourism and recreation the state’s second largest industry.

A.1 Montana is Growing & Changing, Quality Job Opportunities are Needed

From 1990 to 2000, Montana’s population grew from 799,065 to 902,195, up 13%, and is projected to top 1,000,000 by 2010. However, some areas of the state grew at a much higher rate, while others actually lost population. Montana’s population is aging, and is the fourth oldest of any state in the U.S., with a median age of 37.8 in 2000 (up from 33.8 in 1990). There are two factors that may be contributing to this trend: retirees moving to Montana, and a smaller proportion of people age 25-34, as Montana loses young adults after college due to lack of job opportunities.

Although the total number of households grew by 17% over the past decade, family households increased by only 12%, while non-family households (unrelated people living together) increased by 28%. Family size decreased by about 3% to 2.45 people per household. Housing units grew along with the population, increasing by 51,478 units, or 14%. The number of vacation/occasional use homes and condominiums rose by 3,732 units, or 18%, indicating a significant increase in the number of residents and nonresidents with second homes in Montana. These nonresidents are part-time residents, as well as visitors, within and to the state.

Montanans’ per capita income rose by 53% from 1989 to 1999 to \$17,151, but it was still 58% below the U.S. average of \$29,469. The state’s median household income in 1999 was \$33,024. The average annual wage (all industries) in 1999 was \$23,253, which was 50th in the

Chapter 2: Existing Conditions

- A. Statewide Socio-Economic Trends
- B. Tourism Trends
- C. Tourism and Recreation Assets & Opportunities
- D. Challenges & Threats to Tourism and Recreation

"The great thing in this world is not so much where we are, but in what direction we are moving."

- Oliver Wendell Holmes

Per Capita Income of Montanans

Montana

1989	\$11,213
1999	\$17,151
% Change	53%

U.S.

1999	\$29,469
Difference	-58%
(MT vs. U.S.)	

nation; however, the average male working full-time, year-round in 1999 made \$30,503, while the average female working full-time, year-round made \$20,914. About 16% of Montanans live in poverty (33% of families with a female head of household live in poverty). Montana leads the nation in the number of multiple job-holders, which puts significant stress on families. Nearly 90% of Montanans age 25+ have at least a high school diploma, compared to the national average of about 82%, but only 24% of Montanans have a bachelors degree or higher (U.S. average is 25%).

Fig. 2.1: Full-Time & Part-Time Employment, 2000

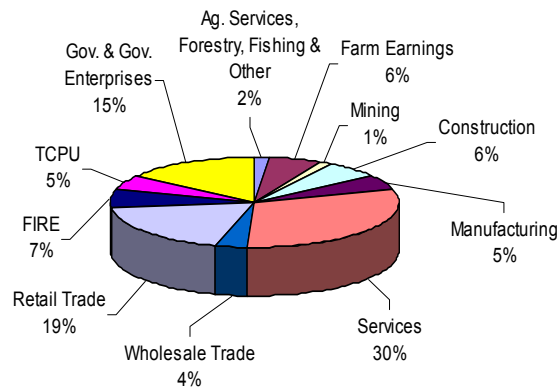
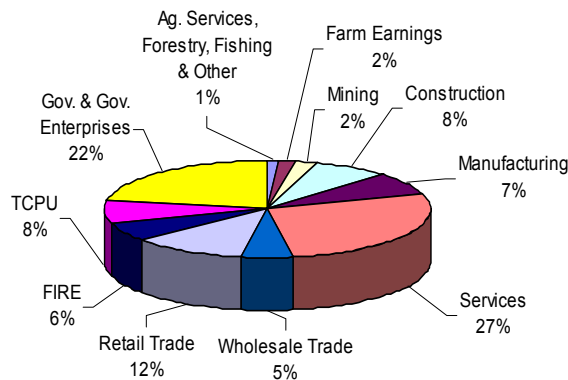


Fig. 2.2: Personal Income & Earnings by Industry, 2000



A.2 Highest Growth is in Lower-Wage Sectors

From 1990 to 1999, the number of jobs in Montana rose 24%, from 370,000 jobs to 460,000 jobs. However, the highest growth was in the lowest paying sectors of retail and services – the categories that include tourism and recreation. Nonresident traveler expenditures in Montana accounted for about \$366 million in employee compensation in 2000, according to University of Montana research. Montana’s traditional industries of agriculture and mining have declined (see Figure 2.3, next page). The statewide unemployment rate in 2001 was 4.6%; however, some counties had unemployment in the double digits.

Figures 2.1 and 2.2 at left show the ratio of income/earnings compared to the number of jobs by industry sector in 2000. The sectors that produced a higher percentage of income than the number of jobs they contributed are Government (+6.4% earnings over number of jobs), Transportation & Public Utilities (+3.1%), Manufacturing (+2.0%), Construction (+1.3%), Wholesale Trade (+1.2%) and Mining (+1.1%). The sectors that had a lower ratio of earnings compared to the number of jobs created were the following: Retail Trade (-7.2%), Services (-3.4%), Farms (-2.9%), Finance/Insurance/Real Estate (-.8%) and Ag Services/Forestry/Fishing (-.7%). It is interesting to note that “Tourism” is not listed as a distinct industry in reported economic data.

The Montana Governor’s *Framework for Economic Development* (2002) states, “Gross State Product (GSP) is the broadest measure of the economy. It is the value of goods and services produced by a state. Montana’s GSP was estimated at \$19.8 billion in 1998, ranking Montana 49th in the nation in per capita GSP. Montana’s real dollar GSP from 1986 to 1999 expanded by only 35%. During the past five years our annual rate of growth of 1.2% was the 5th slowest GSP growth rate in the nation.”

Figure 2.3 shows how the value of goods and services produced in Montana changed from 1990 to 1999. Note that Construction had the highest growth rate, followed by Services, Finance/Insurance/Real Estate (FIRE), Wholesale and Retail Trade. The value of Manufactured Goods rose by only 41%, and Transportation/Communications/Public Utilities (TCPU) by 34%. Meanwhile, Mining and Agriculture declined.

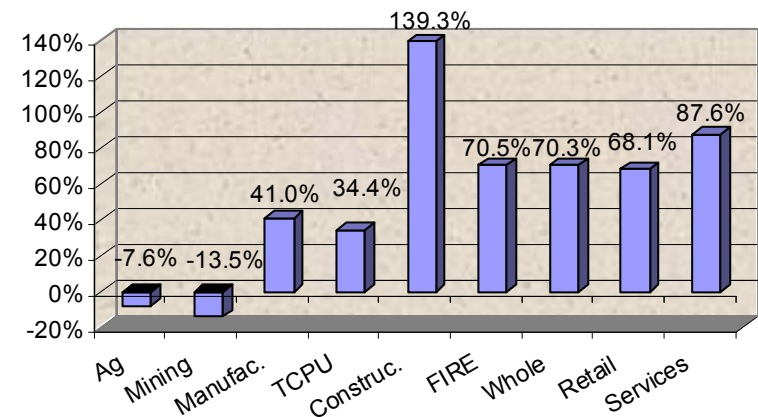
Tourism and recreation are part of the Services sector – the second highest growth sector. Tourism also has driven revenues to the Construction sector (building of hotels, resorts, vacation homes, restaurants, retail stores). Nonresident tourists spent an estimated \$1.2 billion on retail goods alone (including retail sales, restaurant and beverage, gas and groceries) in 2000, which was 12% of statewide retail goods sales of \$10 billion. Weak growth in traditional industry sectors means that tourism plays an increasingly important role in Montana's economy.

A.3 Small Businesses Need Effective Support System to be Competitive

Montana's business sector consists mainly of small, family-owned businesses. More than half (54%) of businesses in 2000 had fewer than five employees. Nearly two-thirds had fewer than ten employees, and only 4% had 50 or more employees. Of the state's 48 largest private sector employers, 75% are service sector businesses (health care, retail, banking, business support services and hotel/restaurant), and only 25% are manufacturing, agriculture, construction and utilities businesses (see sidebar at right).

Many of Montana's small businesses are vulnerable to competition from out-of-state corporations and national chains that are moving to Montana. The tourism and recreation sector is no exception -- it is particularly dominated by small businesses. Most of these family-owned businesses are not linked to support services and training provided by large corporations and national franchises. If Montana wants to maintain its local character and family-owned businesses, it must have an effective system to provide technical assistance, capital, and timely information to current and potential business owners about state/national markets and trends. Professional development and business training are essential to help ensure that Montana-based companies are competitive.

Fig. 2.3: Montana Industry Sector Trends 1990-1999
(Change in Value of Goods & Services Produced)



"For the first hundred years of its history, Montana was a 'Company Town.' We have not yet built a strong entrepreneurial legacy in this state."

- Local Montana Economic Develop't Director

Two-Thirds of Montana Businesses have Fewer than 10 Employees*

Of Montana's 48 largest private sector employers, 15 are health care, 10 are retailers, 7 are manufacturers, 5 are business support services, 3 are banks, 3 are hotel/restaurant groups, 3 are utilities, 1 is an agricultural cooperative and 1 is a construction firm.

* Businesses with payroll. Excludes railroad, self-employed, most agricultural employment.

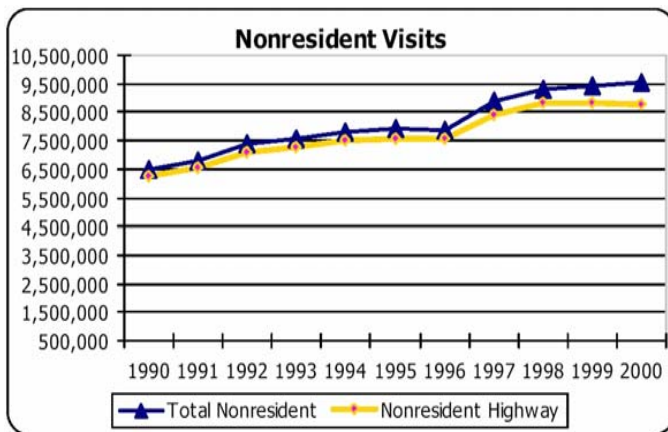
Source: MT Dept. of Labor & Industry, 2001

B. Tourism Trends

B.1 Nonresident Visitation Grew 46% from 1990-2000; Seasonality is a Challenge

For the purposes of this document, the terms “visitor” and “tourist” are interchangeable, and refer to both residents and nonresidents who travel for leisure or business purposes, taking money they earned in one place, and spending it elsewhere. The number of nonresidents visiting Montana rose 46% from 1990 to 2000 (Figure 2.4), compared to 85% growth in lodging sales (Figure 2.5). However, the number of summer visitors declined from 1996 to 2001.

Fig. 2.4: Nonresident Visitors 1990-2000

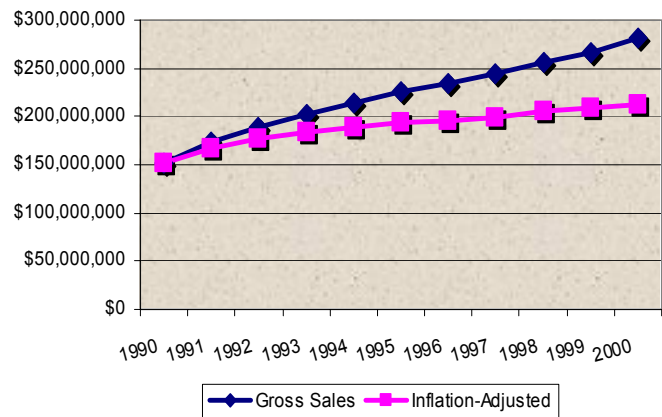


Statewide Lodging Sales & Room Rates

Statewide lodging sales grew approximately 85% from 1990 to 2000 (Figure 2.5). However, when viewed in real dollars, the growth was 41% (adjusted for inflation, based on the Consumer Price Index, or CPI). Therefore, half of the growth in revenue (44%) was due to inflation – price increases – rather than growth in volume (number of customers).

According to Smith Travel Research, average hotel room prices in Montana rose from \$40 per night to about \$58 per night from 1991 to 2001 – an increase of \$18 per night, or 44% (see Figure 2.6 next page). If room rates had increased consistent with CPI inflation rate, the increase would have been only \$4.26 per night, or 11%, from \$40 to about \$44. Therefore, the growth in real terms exceeded the rate of inflation by 33%, or \$13.74 per night (an increase of 34%). However, this growth is not consistent statewide: room rates have increased significantly in resort and urban areas – especially in peak season – but they have grown more slowly in rural areas and shoulder seasons.

Fig. 2.5: Lodging Sales Trends



Occupancy & Seasonality

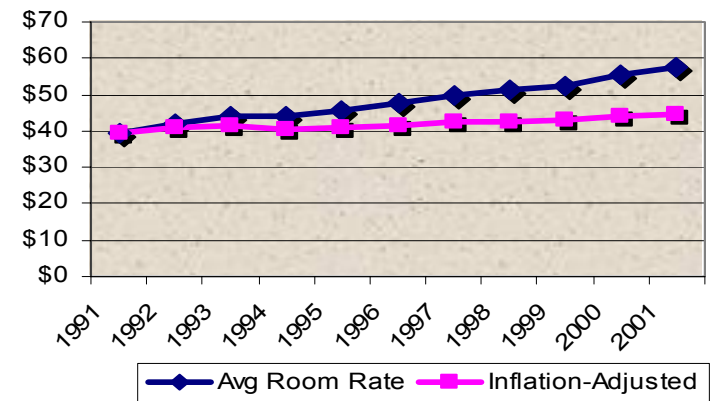
Figure 2.7 shows the average monthly hotel occupancy in Montana during 2001, compared to the overall occupancy of the Mountain Region (MT, ID, WY, CO, UT, NV, AZ, NM). While Montana hotels run at an average of 75+% occupancy in peak tourist season (July-September), occupancy rates drop to 50% or lower for six months of the year – which is below break-even point for most hotel businesses. This trend shows that the supply of hotel rooms exceeds demand (on a year-round basis). Although this is consistent with national trends, and advantageous for consumers, it is unprofitable for the hotel industry.

In 2001, Montana's hotel occupancy was two percentage points below the Mountain Region average (Figure 2.7). However, Montana's seasonality was much more dramatic: peak season occupancies in Montana were higher, but off-peak times dipped much lower. This fluctuation creates instability in the industry, resulting in many seasonal/temporary jobs, high turnover, and low-wage jobs with few benefits.

Figure 2.8 compares lodging tax collections by season (business quarters, as reported by the Montana Department of Revenue). There is great disparity not only in the amount of lodging sales from season to season, but in the rate of growth over the past decade: 1st quarter (Jan-Mar) grew 94%, 2nd quarter (Apr-Jun) grew 83%, 3rd quarter (Jul-Sep) grew 87%, and 4th quarter (Oct-Dec) grew 74% (figures unadjusted for inflation).

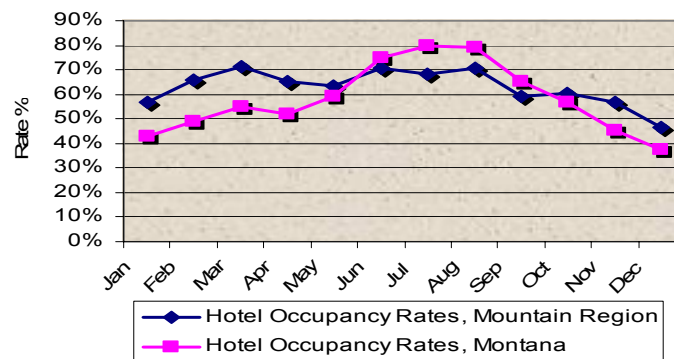
The seasonality of tourism in Montana affects sales in many business sectors besides lodging: restaurant, retail, wholesale, grocery, banking, auto, etc. It also impacts labor markets: temporary and seasonal jobs create instability in families and communities, increase costs of employee training and unemployment insurance, and create employee housing challenges. Seasonality also increases transportation costs: airlines and rental car companies determine flight schedules, inventory of aircraft/cars and prices based on demand. Low demand in off-peak times increases costs in peak season to make up the difference. Clearly, additional tourism revenue is needed in off-peak months in order to provide stability and sustainability in tourism and recreation businesses, and higher-wage jobs.

Fig. 2.6: Average Room Rate, 1991-2001



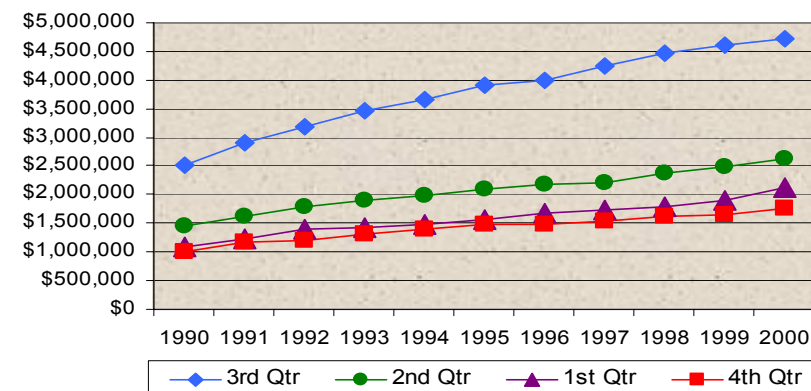
Source: Smith Travel Research

Fig. 2.7: Hotel Occupancy, 2001



Source: Smith Travel Research

Fig. 2.8: Lodging Tax Collections by Quarter - Statewide



B.2 Growth & Trends Vary by Tourism Region

Montana's six tourism regions each have their own unique character and assets. They also experienced dramatic differences in tourism development and visitation over the past decade. Figure 2.9 at left summarizes the growth in lodging tax collections for each region from 1990 to 2000. As mentioned earlier, the overall lodging sales growth statewide was 85%, but growth rates differed significantly by region:

- Yellowstone Country: 150%
- Glacier Country: 85%
- Custer Country: 69%
- Gold West Country: 68%
- Missouri River Country: 38%
- Russell Country: 32%

Fig. 2.9: Lodging Tax Collections by Region

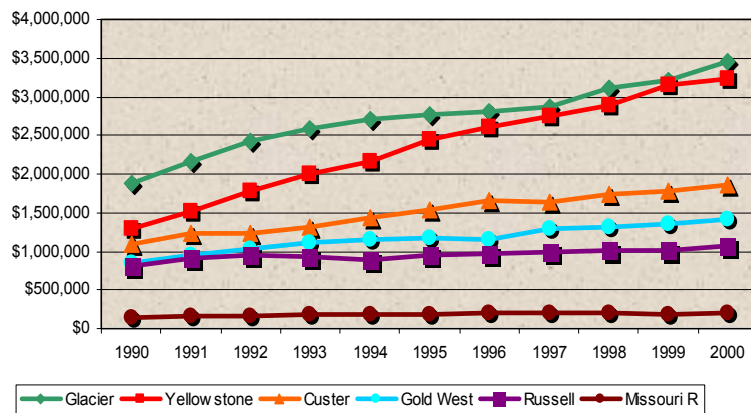


Table 2.1 shows quarterly lodging sales trends for each of the six tourism regions. Note the quarters of highest growth rates (circled).

In **Glacier Country**, communities reported declines in Summer visitation due to a 28% drop in visitors at Glacier National Park (down by 525,000 from 1992-2001). However, lodging revenues grew by 90% in 3rd quarter region-wide (July-Sept.), and 2nd quarter growth was 92%, while 1st quarter revenues grew by only 64%. Heritage and culture travelers are a growing segment of the visitor market. In the Flathead Valley area, Canadian visitation has declined, but business travel has increased. Much of the lodging revenue growth there has been room rate increases. The Missoula area has experienced significant commercial development in the last decade, attracting business travelers, destination shoppers and conferences (especially trade association groups). The success of the University of Montana Grizzly football team has accelerated fall visitation. The Bitterroot Valley reported a decline in visitors and hunters in 2000 because of the wildfires. However, increased visitation generated by interest in Lewis and Clark is reversing the decline.

In **Gold West Country**, heritage and cultural travelers are an important segment, frequenting the region's outstanding heritage assets (Uptown Butte, the Montana Historical Society, Lewis & Clark sites, and Helena's Summer Symphony). The World Museum of Mining reported a

Table 2.1: 1990-2000 Regional Lodging Revenue Growth by Quarter

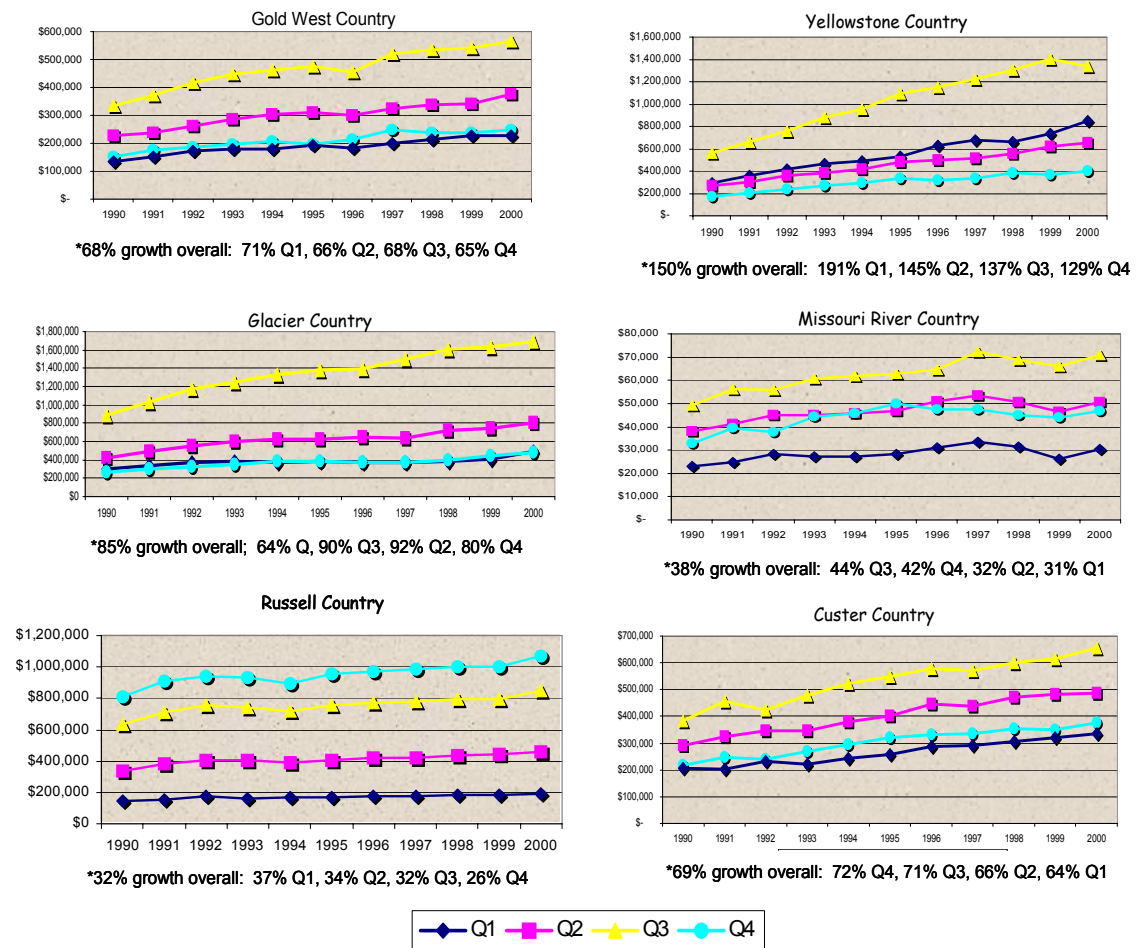
Region	1 st Qtr	2 nd Qtr	3 rd Qtr	4 th Qtr	Overall
Glacier	64%	92%	90%	80%	85%
Gold West	71%	66%	68%	65%	68%
Russell	37%	34%	32%	26%	32%
Yellowstone	191%	145%	137%	129%	150%
Missouri River	31%	32%	44%	42%	38%
Custer	64%	66%	71%	72%	69%

decline in 2000-2001, likely due to many fires in the region. Regionally, the highest growth was in 1st quarter (71%), followed by 3rd quarter (68%).

In **Russell Country**, tourism providers report that historical/cultural travelers are increasing as a percent of all visitors, especially those following the Lewis & Clark Trail. Additionally, river trips on the wild & scenic section of the Missouri River are increasing. Russell Country is the only region where 3rd quarter does not generate the most lodging revenue – the peak time is 4th quarter, primarily because of hunting. The highest growth quarter from 1990-2000 was 1st quarter, followed by 2nd quarter and then 3rd quarter. Local providers report that meetings and conferences are responsible for part of the growth. According to 2000-01 University of Montana Winter study, Interstate 15 between Canada and Great Falls receives about 9-10% of all statewide nonresident traffic in winter. This may be due in part to sports travelers attending semi-pro hockey games in Great Falls and Canada.

In **Yellowstone Country**, communities reported declines in summer visitors due to falling visitation at Yellowstone Park. However, region-wide lodging revenues grew by 137% in 3rd quarter (Jul-Sep), despite a slight decline in 2000 due to fires. Much of the revenue growth is price increases; however, sales indicate that volume has grown as well. Local representatives also reported that international visitation was down, likely due to unfavorable exchange rates for Europeans and Canadians (consistent with national trends). Yellowstone Country's highest growth was in 1st quarter, with the Big Sky Resort area typically providing nearly half of lodging tax collections.

Fig. 2.10: Quarterly Lodging Trends by Region



Summary of Regional Trends

A look at regional trends around the state indicates the following:

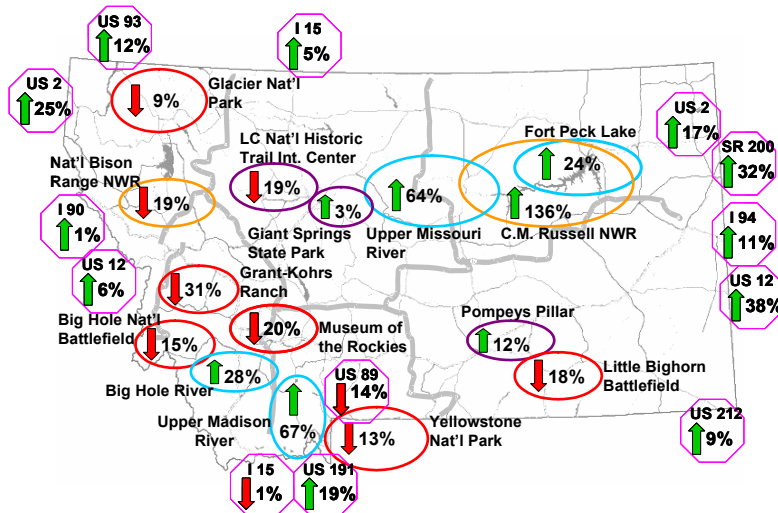
- Off-peak seasons had higher growth in lodging revenues than did summer (Q3) in all regions but Missouri River Country
- Heritage/cultural travel is increasing, esp. related to Lewis & Clark, Indian culture
- National Park visitation is down, as is visitation at many other major attractions
- Commercial travel (meetings, conventions) is increasing
- There are increasing concerns about impacts from tourists on residents and/or natural resources in specific locations

Snowmobiling in the Park is an important component of the region's winter recreation opportunities. With uncertainty of future snowmobile access there, tourism providers seek to develop more diversified winter recreation products and services.

Missouri River Country was the only region whose highest growth was in 3rd quarter. Both Fort Peck Lake and the C.M. Russell National Wildlife Refuge reported significant increases in visitation, likely due to fishing. Ft. Peck Reservoir visitation increased 24% from 1992 to 2001, while the C.M. Russell Wildlife Refuge visitation rose 136% from 1998 to 2001. The Fort Peck Dam Interpretive Center and Museum near Glasgow, which will open in 2003, is anticipated to be a major regional draw. Interestingly, Ft. Union Trading Post, just across the border in North Dakota, was down 27% from 1993 to 2001. Communities and tribes in Missouri River Country are preparing for the Lewis & Clark Bicentennial.

In **Custer Country**, commercial travel is significant business, especially the convention and meeting market, since Billings is Montana's largest city. Heritage/cultural travelers also are an important segment, attracted by the Little Big Horn Battlefield and Lewis & Clark sites along the Yellowstone River, such as Pompeys Pillar. Billings also reports significant numbers of destination shoppers from Wyoming, and it is a major hub for visitation related to medical services. However, hotel occupancies in Billings did not increase significantly from 1998-2001, despite growth in overall revenues. This is likely because higher revenues reflect price increases, and visitors are dispersed among more hotel properties, so occupancies did not rise commensurate with revenues. Custer Country's highest growth from 1990-2000 was in the 4th quarter, perhaps due to increased business travel, Christmas shoppers and sportsmen.

Fig. 2.11: Visitation Trends at Key Destinations & Traffic Trends at Key Gateways, 1995-2001



B.3 Visitation at Key Attractions Declined from 1995-2001

A closer look at visitation for specific sites reveals a mixture of growth and decline around the state. Figure 2.11 shows 1995-2001 visitation trends at fifteen major destinations, and at thirteen key highway entrance points to the state. All of the highway entrances experienced rising traffic counts except U.S. 89 at Yellowstone Park, and I-15 at the Idaho border.

For the most part, destinations with water recreation appeal saw increasing visitation (Upper Missouri, Big Hole and Upper Madison Rivers, Fort Peck Lake). Other sites reporting increases were Pompeys Pillar, Giant

Springs State Park and the C.M. Russell National Wildlife Refuge. Note: agencies indicated that some increases may be attributable to improvements in methodology used to count visitors. Figure 2.12 compares visitation at major destinations in 1999.

Conversely, several major destinations reported declines in visitation, most notably Glacier and Yellowstone National Parks. Fewer tourists stopped at the battlefields (Little Bighorn, Big Hole), Grant Kohrs Ranch, the National Bison Range and Lewis & Clark National Interpretive Center. These trends are surprising, since statewide visitor counts, lodging sales and traffic counts all increased. Visitation downturns in 2000-2001 are partially attributable to wildfires and high gasoline prices, but most sites experienced declining numbers from 1995-99. These findings raise the question:

If overall visitation increased, but visitation at key attractions declined, where are the visitors going, and what are they doing?

To investigate the answer, the planning team reviewed seasonal lodging sales trends at the regional level, State park/fishing access site visitation trends, hunting and fishing license sales and skiing trends. They also interviewed local and regional tourism representatives and destination site managers, and reviewed the findings of several research reports on nonresident travelers in Montana (see Chapter 3, Markets).

B.4 Most State Park Visitors are Residents

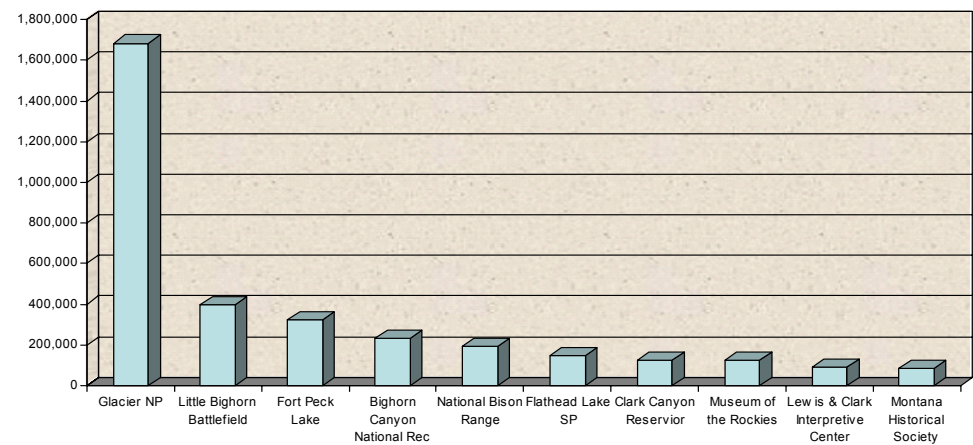
As Figure 2.12 at right shows, Glacier National Park attracts four times the visitation of any other site except Yellowstone Park. Seven of the ten sites listed are managed by federal agencies (Park Service, US Forest Service, Bureau of Reclamation, Corps of Engineers, US Fish & Wildlife). Only one of the ten sites is a Montana State Park.

Figure 2.13 (next page) compares visitation at all Montana State Parks with visitation at Glacier and Yellowstone National Parks from 1995-2000. State Park visitation did not increase significantly over this time period (although it did not decrease like the national parks and many other sites). Residents are using their state parks more, while nonresidents comprise a smaller share of state parks

State and regional visitor trends raise the following question:

"If overall visitation increased, but visitation at key attractions declined, where are the visitors going, and what are they doing?"

Fig. 2.12: Visitation at Major Destinations, 1999



NOTE: Yellowstone National Park, which attracts nearly 3 million visitors per year, is not included because it is primarily in Wyoming, and it is not possible to determine the number of those visitors who travel in Montana. Source: ITRR, Univ. of Montana

Fig. 2.13: State/National Park Visitation Comparison

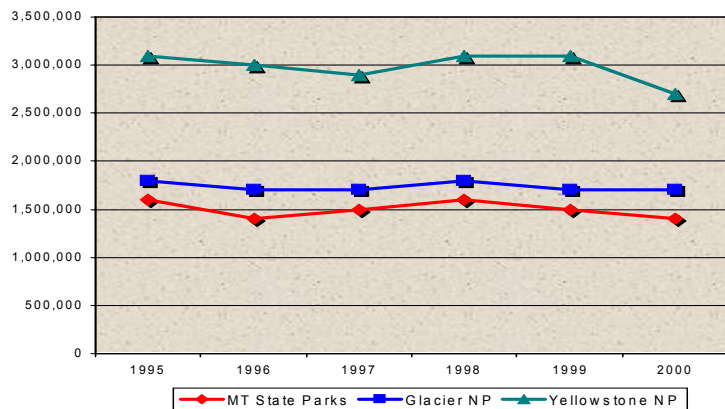
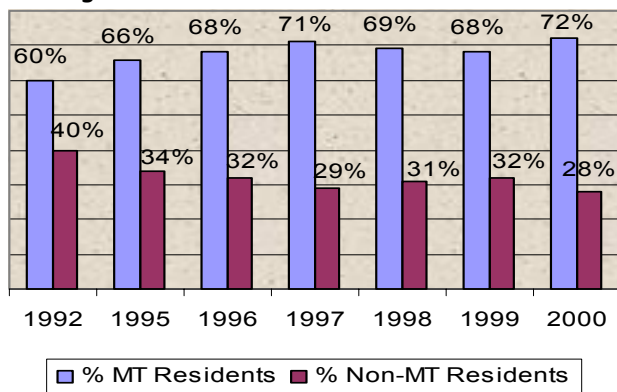


Fig. 2.14: State Park Visitors 1992-2000



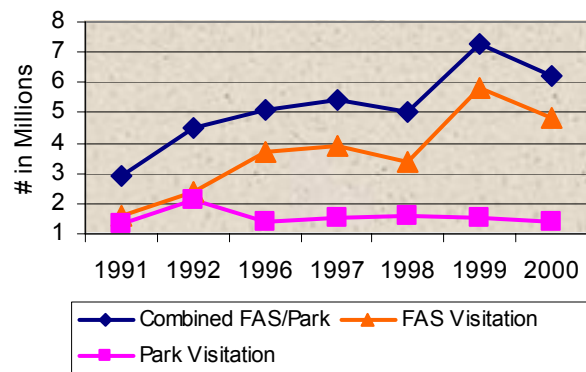
visitors (Figure 2.14). In 1988, state parks reported that visitation was about half residents, and half nonresidents. In 2000, nearly three quarters (72%) of state parks visitors were Montanans, while only 28% were nonresidents.

While overall state park visitation was flat, state fishing access sites (FAS) saw increases of 30%, representing an additional 1.1 million visitors to fishing access sites from 1996-2000 (Figure 2.15). Meanwhile, visits to national wildlife refuges in Montana increased by 44% from 1996-2001, according to the U.S. Fish & Wildlife Service (USFWS).

The Montana Department of Fish, Wildlife & Parks (FWP) estimates that state parks create approximately 1,500 private sector jobs and \$16.5 million in direct income for residents of nearby communities. Nonresident expenditures adjacent to parks are estimated at \$45 million (FWP, May 2001).

FWP and USFWS staff believe that some of the increased visitation may be the result of sportsmen who are moving to public lands to hunt and fish because of closures on private lands. Increased Summer visitation to state parks, fishing access sites, and refuges may partially account for downward visitation trends at national parks and other sites, as Montana residents seek recreational opportunities that are less crowded, and less expensive than national parks.

Fig. 2.15: State Park & Fishing Access Site Visitation Estimates, 1991-2000



B.5 Winter Travel is Up, But Recreation Trends are Mixed

First quarter (Jan-Mar) had the highest rate of growth in lodging revenues of any quarter from 1990-2000. Total winter nonresident visitation increased by 518,400 (37%) from 1998-2001. However, skiing trends in Montana can be described as “variable” over the past decade. Of the destination ski areas, Big Sky and Bridger near Bozeman saw the most growth. Big Mountain at Whitefish and Red Lodge south of Billings had some good snow years, but relatively little growth overall.

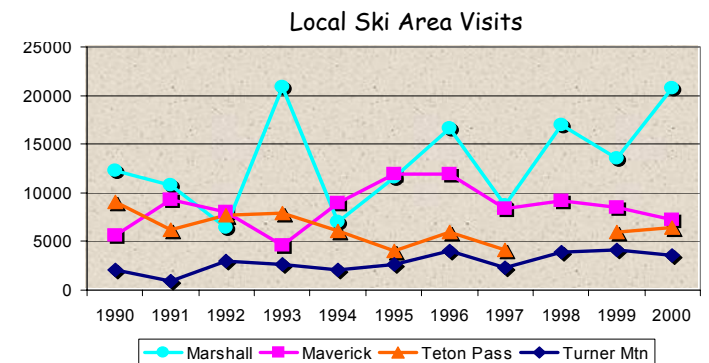
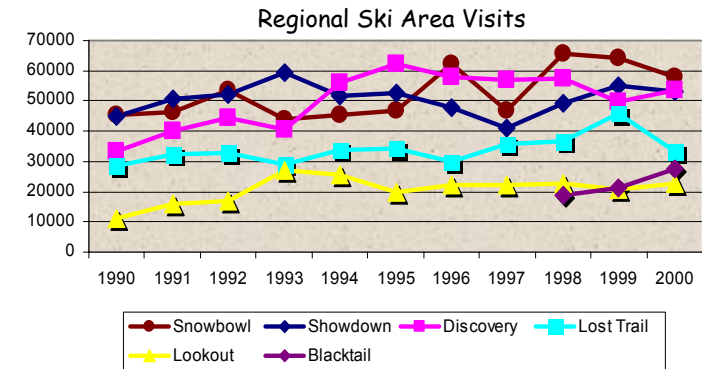
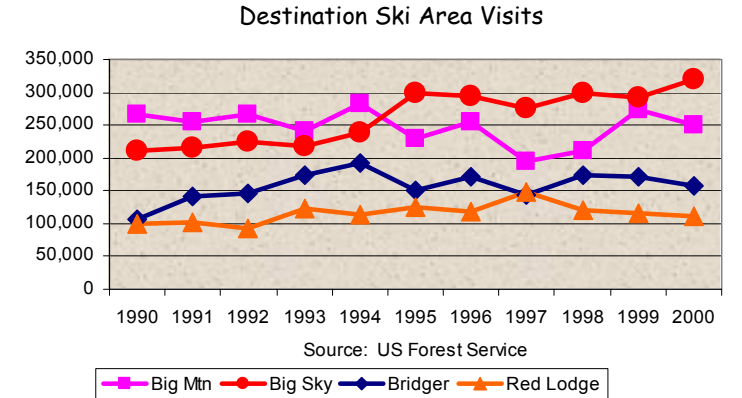
Nationally, skier visits increased in the 2000-2001 season after a decade of decline. This was due to several factors: early, heavy snowfall, deeply discounted season passes, continued growth in snowboarding (22% of Rocky Mountain Region visits), and development. As with other major destinations, resort owners in Montana are looking to real estate development for significant revenue growth, in addition to increases in skier visits.

Regional ski areas experienced mixed growth. Local ski areas held their own, but were most vulnerable to weather conditions, due to generally lower elevations and lack of snow-making capability.

Resident snowmobiling has grown about 65% over the past decade, based on snowmobile registrations, which increased by 8,000 from 1990-2000. Some of the increase included rental machines and previously unregistered machines, but overall resident use is up. Nonresident snowmobiling appeared to decline statewide from 19% of visitors participating (267,007) in 1998 to 6% of visitors participating in 2001 (115,422), according to ITRR Winter 2001 research. However, the number of snowmobilers in Yellowstone Park increased by 14% during the same time period, according to the National Park Service.

Montana’s winter recreation product continues to diversify with expanded indoor, as well as outdoor, activities. In addition to skiing and snowmobiling, outdoor recreation includes Winterfests, train rides, ice carnivals, competitions, ice fishing and boating. Residents and visitors alike enjoy winter shopping, trade and gun shows, museums, expositions, rodeos, symphony and theater productions, holiday festivals, bazaars, light shows and parades. Shopping is the most frequently mentioned indoor winter activity for nonresident visitors, according to ITRR studies.

Fig. 2.16: Montana Ski Area Trends



“Destination” ski areas are defined as 100k+ skier visits;
 “Regional” ski areas are defined as 20k-70k skier visits;
 “Local” ski areas are defined as <20k skier visits.

Fig. 2.17: Big Game Resident License Sales Trends

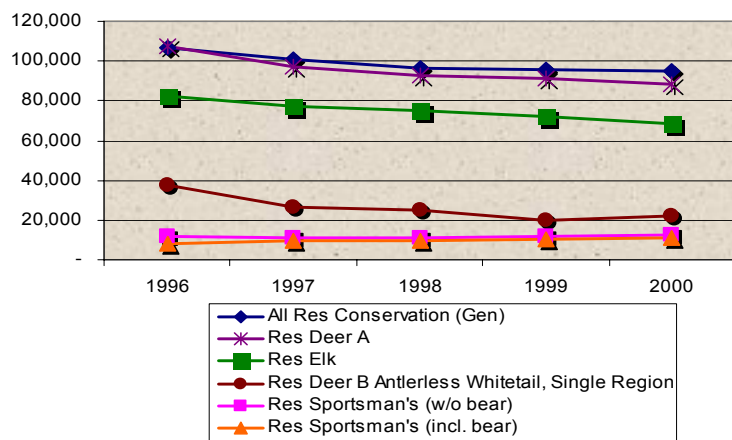


Fig. 2.18: Resident & Nonresident Hunting Licenses Sold

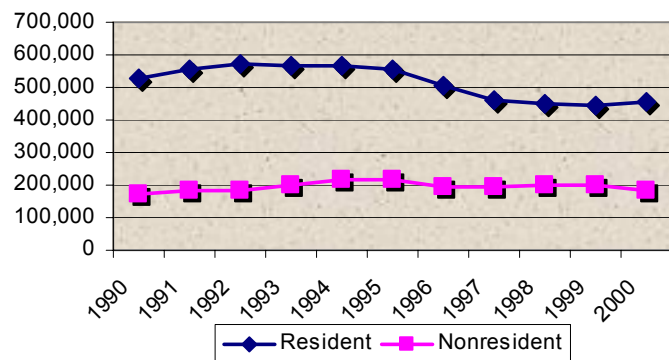
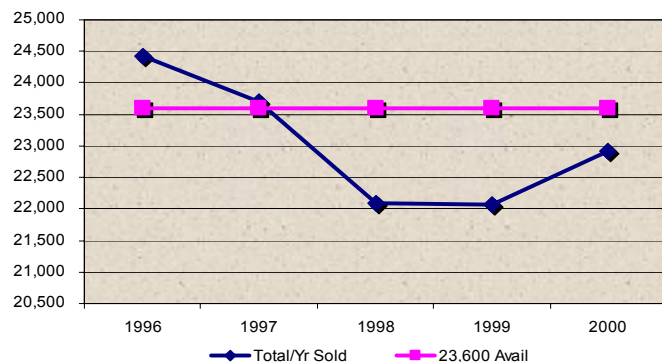


Fig. 2.19: Nonresident Big Game & Deer Combo Licenses



B.6 Hunter Numbers are Declining; Fishing Continues to Increase

To Montanans, fishing and hunting is a birthright – a part of their heritage – and a significant benefit to being a Montana resident. In fact, Montana is famous nationally and internationally for its fishing and big game hunting. Feature films like *A River Runs Through It* and *The Horse Whisperer* highlighted Montana's fish and wildlife assets, and attracted celebrities who purchased land in Montana. However, notoriety has created some controversy.

Downturns in agriculture and ranching have forced property owners to seek alternative sources of revenue from their land. Leases of fishing and hunting rights to outfitters and sportsmen's clubs is a viable economic diversification strategy for farmers and ranchers. However, the result is closure of private lands to other sportsmen, decreasing access to hunting and fishing areas, especially for Montana residents who traditionally have been allowed to hunt or fish on their neighbor's property.

Hunting

The planning team received many comments expressing concern about sportsmen's opportunities in Montana. Often, the comments implied that the number of sportsmen has increased substantially, yet the actual license sales figures tell a different story. Sales of big game licenses to Montana residents have declined in nearly every category since 1996 (Figure 2.17), and overall sales have declined 14%.

The number of all hunting licenses sold to nonresidents is less than half the number sold to residents, and has increased only 10% over the past decade (Figure 2.18). Sales of big game and deer combo licenses to nonresidents are capped at a five-year average of 23,600 per year, but have not reached even that level since 1997 (Figure 2.19). In some parts of eastern Montana, bird and big game hunting has grown significantly in national wildlife refuges. This may be a result of reductions in hunting access elsewhere in the state, along with increasing numbers of hunters from North Dakota and Wyoming. License sales affect federal funding to each state: the Federal Aid in Wildlife Restoration program, administered by the USFWS, apportions funds based in part on the number of paid hunting license holders.

According to FWP and the International Travel & Tourism Research Assn. (TTRA):

- Hunting license numbers have fallen significantly across North America in the 1980's and 1990's, and the activity has come under increasing attack by anti-hunting groups. (TTRA)
- If the downward trend of resident license sales continues, local support for hunting may abate to the point that it is no longer perceived to be "for food or wildlife management," but solely for economic and tourism reasons. (FWP)

Currently, hunting is an important economic activity and sport in Montana; largely in rural and economically depressed regions of the state. However, as new forms of special interest tourism have developed and continue to expand, more traditional recreation activities, such as hunting, have declined.

Fishing

Since 1990, resident fishing license sales have increased by about 6%, while nonresident sales increased by 19% (Figure 2.20). Many of these nonresident fishermen are "incidental" rather than "destination" fishermen: they may fish only a day or two, while residents may fish many days in a season. However, in drought years, certain areas of the state experience significant pressure as fishermen gravitate to a few drainages. The increase in nonresident fishing has contributed to growing concern about protecting Montanans' traditional fishing experiences versus promoting fishing to nonresidents.

Economic Impact of Hunting & Fishing (Source: Montana FWP)

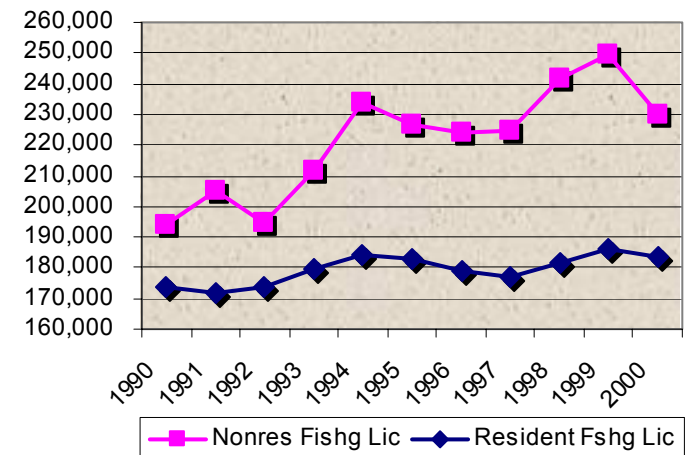
Sportsmen in Montana spent substantial dollars in 2000 on transportation, food, lodging, guide fees and other items (Table 2.2). The average non-guided, nonresident hunter has an economic impact of \$1,600 per trip to Montana, while a guided hunter has a \$3,800 impact (total of \$200 million in 2000). In general, the top states of origin of guided hunters are Pennsylvania, California, Washington, Texas and the mid-west (MI, WI, MN), while the top states of origin of do-it-yourself hunters are Washington, California, Minnesota, Wisconsin, Pennsylvania, Michigan, North Dakota, and Oregon.

Nonresidents support a significant share of Montana's fish and game management efforts: two-thirds of all fiscal year 2000 hunting/fishing license revenue to FWP came from nonresidents. Additionally, 43% of the entire FWP Department's total 2001 revenue came from nonresident hunting/fishing license sales. So, if the number of nonresident sportsmen declines, the FWP budget will decline, or resident sportsmen will have to make up the loss in revenue.

Table 2.2: Sportsmen Spending in Montana, 2000

Anglers	\$222 million
Elk hunters	\$ 83 million
Deer hunters	\$ 74 million
Antelope hunters	\$ 10 million
Bear hunters	\$ 4 million

Fig. 2.20: Resident vs. Nonresident Fishing Licenses



Impact of Nonresident Hunters

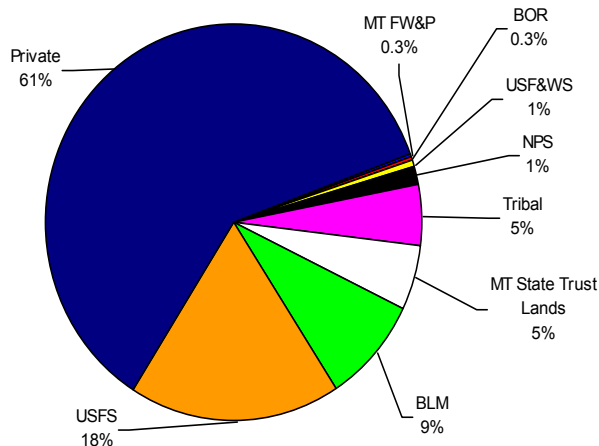
Guided	\$3,800/trip
Non-guided	\$1,600/trip

(Source: FWP)

43% of the entire FWP Department budget came from nonresident hunting/fishing license sales in 2001. (Source: FWP)

C. Tourism & Recreation Assets and Opportunities

Fig. 2.21: Land Ownership in Montana



61% of Montana land is privately owned.
39% is owned by public agencies & tribes.
Source: NRIIS

Tourism and recreation assets can be divided in four general categories: attractions, activities, events and support systems. Because of its vast land base, many of Montana's attractions, activities and events are linked to its natural resources (Figures 2.21 and 2.22 at left). Examples of each are listed below, and more detailed information is provided on the pages that follow:

Attractions

Natural (God-made): Mountains, forests, grasslands, rivers, streams, lakes, wildlife, landscapes, flora, fossils

Developed (man-made): Cities, resorts, ski areas, hotels, campgrounds, restaurants, shops, museums, galleries, theaters, parks & recreation facilities

Publicly-owned or managed: national parks/sites, monuments & forests, wilderness areas, rivers, lakes and streams, state/county/city parks, tribal lands, civic facilities, recreation facilities (pools, golf, etc.)

Privately-owned: businesses, farms/ranches, homes, golf courses, resorts

Activities

Outdoor (Active, Passive): Hiking, biking, fishing, hunting, skiing, rafting, snowmobiling, snowshoeing, golf, horseback riding, scenic driving, wildlife viewing, etc.

Indoor (Active, Passive): Shopping, swimming, skating, bowling, paintball, dining, spas, tours, visiting family/friends, etc.

Events

Spectator: Sports events, theater, concerts, reenactments, etc.

Participatory: Festivals, meetings/conferences, reunions, dances, sports competitions (triathalons, fun runs, etc.)

Support Systems

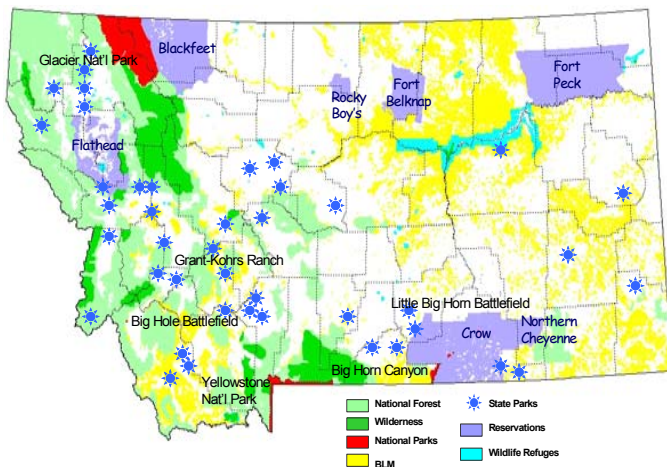
Supplies & Services: Suppliers of goods/services, construction, maintenance, etc.

Education & Training: Industry knowledge, career training, business resources

Infrastructure: Transportation, communications, community services, facilities

Funding & Public Policy: Institutional support, funding for promotion/programming

Fig. 2.22: Land Ownership Map



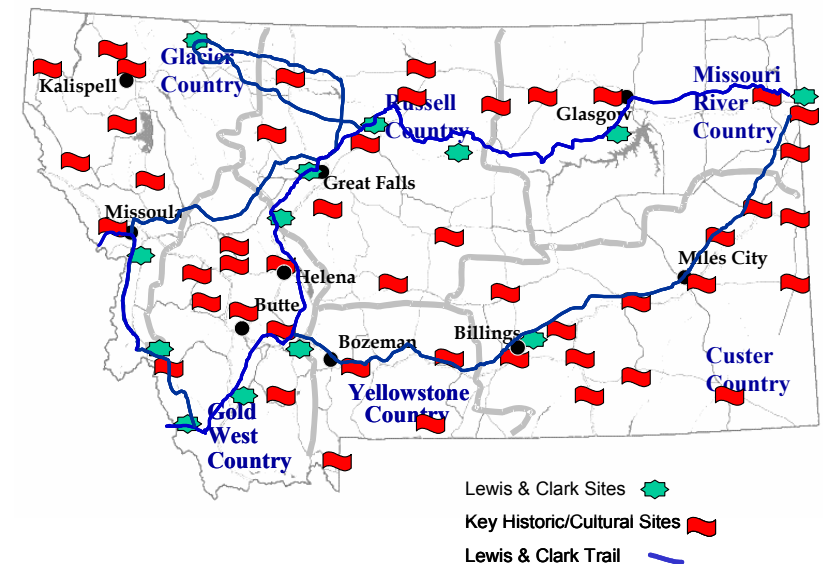
C.1 Montana is Rich in Heritage and Cultural Assets

Montana is rich in its quality and variety of historical and cultural assets, from folk music to symphony, cottage crafts to art galleries, pow wows to museums and interpretive centers, civic theater to off-broadway, ghost towns to urban centers. Montana's famous historical figures include Chief Plenty Coups, Chief Joseph, Lewis & Clark's Corps of Discovery, General George Custer, The Copper Kings, C.M. Russell, Jeanette Rankin and many others. Figure 2.23 at right highlights key historic and cultural sites/facilities. By viewing these assets on a map, it is possible to see how tourism planners can "connect the dots" between historic, cultural, natural and urban destinations to develop cultural and heritage corridors, loop tours and packaged trips for targeted customer markets.

Montana contains 2,000+ miles of the Lewis & Clark Trail – 25% of the entire route. More than 100 Montana communities lie in the Lewis & Clark Trail corridor, along with six of Montana's seven Indian reservations. The Lewis & Clark Bicentennial Commission has led planning and funding efforts for fifteen local and five tribal Bicentennial organizations, and a dozen state and federal agencies. As a result, Montana is better prepared for the 2003-2006 Bicentennial commemoration than most states. However, an additional 4-8 million visitors are projected, and much work remains, as Montana has so many miles of the Trail in areas where services/facilities are limited and assets are sensitive. Most of the communities along the route are small, rural towns, relying on volunteer efforts for planning and implementation. Volunteer burnout and lack of resources to manage/maintain sites, facilities and events are serious concerns if Montana is to take advantage of economic opportunities offered by the event, without being overrun by Bicentennial visitors.

A key to balancing increased visitation with protection of natural, historic and cultural assets is to target the types of visitors who prefer more developed experiences (museums, reenactments, state/national historic sites, events and historic downtowns). Montana has plenty of these assets, so it is possible to steer visitors away from sensitive sites/areas and toward more developed sites that can handle higher visitor loads. However, developed sites also present challenges: higher visitor numbers mean increased costs for staffing, maintenance, interpretation, waste removal and utilities. Reliable funding is needed for these items.

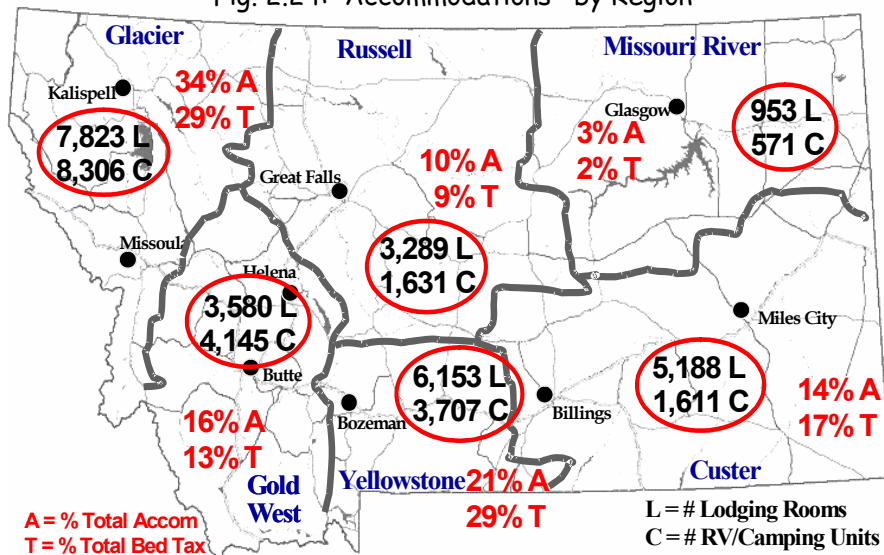
Fig. 2.23: Key Heritage & Cultural Assets



Montana is projected to host an additional 4-8 million visitors for the Lewis & Clark Bicentennial between 2003 and 2006. Volunteer burnout and lack of resources are serious concerns if Montana is to take advantage of the economic opportunity, without being overrun.

A key to balancing increased visitation with protection of assets is to target visitors who prefer developed experiences over primitive ones. It is possible to steer visitors away from sensitive sites/areas and toward more developed sites that can handle higher visitor loads. But funding is needed to staff and maintain these sites/facilities.

Fig. 2.24: Accommodations* by Region



95 lodging properties have meeting/conference facilities.

* 436 Ranch/Resort/Hot Sprg/Condo/Vac Home/Cabin units not included.

In Missouri River Country, creative options for accommodations during the Bicentennial are being considered, such as "villages" of tipis and outfitter wall tents. These options would give visitors a unique experience, while boosting the region's economy and lodging tax collections.

Montana's hospitality and service received the highest satisfaction rating among nonresident visitors in 2000-2001. Programs like SuperHost! help build service skills in the tourism and recreation industry.

C.2 Accommodations Assets Vary Widely by Region

Montana has a tremendous variety of accommodations to suit customer tastes and preferences, from economy motels to luxury resorts, bed & breakfast inns to guest ranches, retreat facilities to convention centers, and primitive campsites to full-service camping resorts. Figure 2.24 at left shows the number of lodging units (guest rooms) and RV/camping spaces for each of the six travel regions (numbers are circled). It also shows the percentage of units that each region contains compared to the statewide total (%A). All private and some public lodging and camping facilities collect the 4% lodging tax, which funds tourism and recreation promotion and development.

Additionally, Figure 2.24 compares the lodging tax collected by each region to the total amount of tax collected statewide (%T). It is interesting to note that while Glacier Country contains 34% of the accommodations facilities statewide, it collects 29% of the lodging tax – the same as Yellowstone Country, with

21% of the accommodations facilities. This is likely due to the larger number of camping facilities in Glacier Country, as well as higher average room rates (and therefore tax charged) in Yellowstone Country. Missouri River Country contains 3% of the accommodations facilities, and collects 2% of the lodging tax.

Since Missouri River Country contains a large portion of the Lewis & Clark Trail, increased visitation during the Bicentennial will put elevated pressure on existing facilities. Creative options are being considered for temporary accommodations (such as "villages" of tipis or outfitter wall tents) to handle anticipated travelers. Such lodging options would give travelers a unique experience, while boosting economic impacts from the Bicentennial and increasing the region's lodging tax collections.

A statewide survey of nonresident visitors in 2000-2001 by the University of Montana Institute for Tourism and Recreation Research (ITRR) revealed that the hospitality and service received by visitors from Montanans was given the highest satisfaction rating of all elements of the visitors' trips. The SuperHost! hospitality training program and other educational programs for businesses have helped to build hospitality and service skills in the tourism industry.

C.3 Support Systems Retain Viability of Tourism

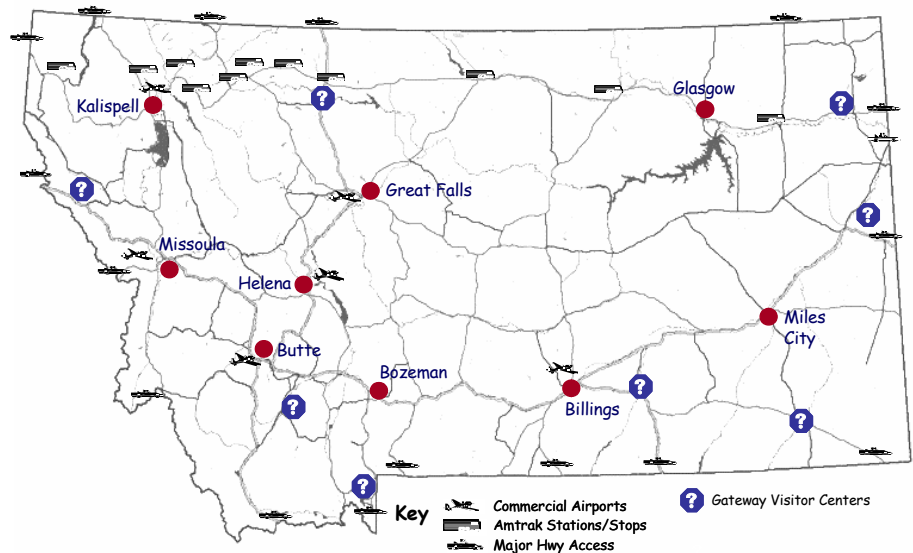
In order for tourism and recreation to be sustainable and successful, a number of support systems and services must be in place. These critical support systems include:

- **Supplies and services:** suppliers of goods and services to tourism businesses/agencies, such as freight carriers, food/beverage wholesalers, agricultural producers, auto sales/parts/service, construction, maintenance, insurance, banking, landscaping, retail products, etc.
- **Education and training:** knowledge of regional/national and international trends and programs, training for employees, professional and career development, entrepreneurship.
- **Infrastructure:** transportation (highways, roads, bridges, rest areas, air service, car rental, shuttles, taxis, passenger rail, local transit, bike/pedestrian facilities, etc., see Figure 2.25), communications systems (visitor centers, Internet access, phone services, signage), community services (water/sewer, solid waste, law enforcement, medical/EMS) and recreation facilities (boat ramps, parks, etc.).
- **Funding and public policy:** stable, dedicated funding resources and public policy support for tourism promotion and development, infrastructure and support systems.

The tourism and recreation industry could not function without the support systems outlined above. Moreover, enhanced support systems provide higher quality visitor experiences – and higher levels of visitor spending. Direct economic impacts of resident and nonresident tourist expenditures result from the initial purchases of goods and services. Indirect impacts are not as easily recognized or measurable, and therefore often are not considered as the result of tourism and recreation. To see the true impact of tourism and recreation on Montana's economy, it is important to track and measure both the direct and indirect impacts of visitor spending.

There are opportunities for the tourism and recreation industry to partner with Montana's other industries in mutually-beneficial collaborations. Examples include creating systems for more Montana agricultural products to be served to tourists in restaurants, cooperative advertising with the Montana Beef Council in targeted geographic markets, etc.

Fig. 2.25: Montana Transportation Gateways



There are opportunities for the tourism and recreation industry to partner with Montana's other industries in mutually-beneficial collaborations. Examples include:

- Create systems to serve more Montana ag/food products to tourists in restaurants
- Cooperative advertising with the Montana Beef Council and other producer groups
- Highlight Montana products in state visitor centers and rest areas (log furniture, etc.)



In 2001, nonresident tourists ate 110,000,000 meals in Montana – or 2.1 million per week. They spent \$332 million on restaurant meals and beverages, and another \$125+ million on groceries and snacks.



Montana Superhost! Logo

Supplies and Services

Tourism and recreation in Montana is interconnected with, and dependent upon, many other business sectors. Without suppliers of goods and services, tourism and recreation providers could not serve their customers. Suppliers include farmers, ranchers, wholesalers, freight companies, car dealers, construction companies, repair services, insurance brokers, bankers, architects, lawn care services, fuel dealers and many others. Montana's agriculture industry seeks to diversify with value-added agricultural products, but with only 900,000 residents, Montana does not provide a huge consumer market. However, with ten times that number of nonresident tourists – 9.5 million in 2001 – there is a substantial market for value-added ag products if systematic linkages can be built between food producers and restaurants, outfitters and other food service providers (tourists ate 110 million meals in 2001).

Education and Training

In the service industry, quality customer service and professionalism are paramount to success. Many (if not most) of Montana's tourism and recreation providers are small businesses, often without any affiliation to a larger organization or franchise which would provide training and professional development. Recent interviews of nonresident visitors indicate contentedness with their experiences in Montana, and high satisfaction with Montana's hospitality and service. To maintain quality tourism products and services, Montana's educational support system, or "Edu-structure" (a term coined by Jeri Mae Rawley of Flathead Valley Community College), is critical to the tourism and recreation industry. Key categories of training include:

- 1) Professional development for business owners and managers, which currently is available through universities, colleges and small business development centers (SBDC's). Industry-specific training is preferable; however, programs such as the NxLevel entrepreneurship course are valuable for general business management and marketing skills.
- 2) "Front-liner" training for current and future customer service employees – a need currently being filled by the Montana Superhost! and Teens in Tourism programs.
- 3) An information/networking system to share state/national/international trends, success stories, innovative ideas and implications for Montana, so that stakeholder groups and tourism/recreation providers can benefit from them. In other words, Montana tourism and recreation providers need to know "what's going on" elsewhere in the country/world, in order to adjust to changing trends and customer needs.

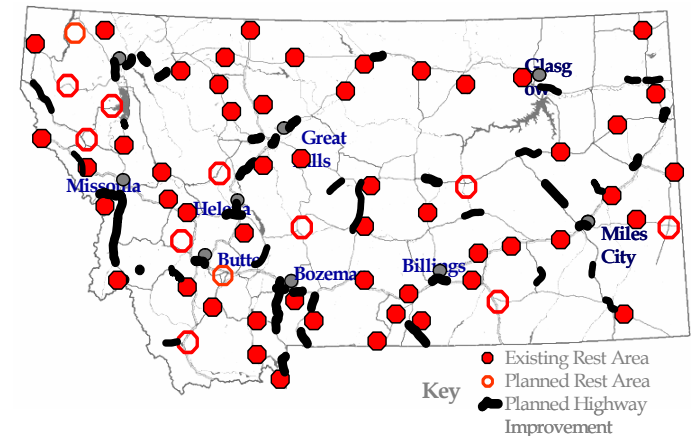
Transportation Infrastructure

Figure 2.25 on page 21 shows the network of transportation gateways in Montana: major highways, airports, Amtrak stations and visitor information centers. From 1992 to 2000, the number of Daily Vehicle Miles Traveled (DVMT) in Montana rose about 17% from 23+ million miles to about 27 million miles. Nonresident visitor studies in 2000-2001 by the University of Montana indicated that nonresident travelers are increasingly satisfied with Montana's transportation infrastructure. Satisfaction with rest areas is rising: 25% of 2001 repeat summer travelers said the availability of rest areas has improved, and only 11% are dissatisfied. Some dissatisfaction with rest areas was expressed by Montanans during public meetings for this Strategic Plan. However, Figure 2.26 at right shows existing and planned rest areas statewide, along with highway improvement projects planned through 2005. When completed, these highway and rest area improvements will greatly enhance both resident and nonresident traveler experiences.

Montana's location in the Rocky Mountain west creates both benefits and challenges for tourism and recreation. The State's remoteness, vast open spaces and scenic beauty are its greatest attraction for both residents and visitors. Yet these same qualities provide its greatest challenges for transportation providers and travelers: it is difficult to get to and through Montana conveniently. Figure 2.27 is a map of air service routes to and through Montana. Considering Montana's size and small population density, it is well-served by air carriers on a per capita basis. However, without nonresident tourist travelers (half of all air passengers), Montanans would not have the benefits of this level of air service.

Table 2.3 on the next page shows that commercial air service enplanements increased by 33% from 1993 to 2000. It also details the volume of traffic at the state's seven major airports. While Billings has the most traffic (29% of all statewide enplanements), airlines at all other airports except Great Falls had higher traffic growth rates. During 2001, air travel in Montana followed national trends, declining after September 11th, but rebounding during the first three months of 2002, even surpassing 2001 first quarter enplanements. Table 2.4 (next page) shows the airlines and car rental companies that serve each of Montana's major destinations.

Fig. 2.26: Rest Areas & Highway Improvements



Source: Montana Dept. of Transportation Statewide Transportation Improvement Plan (STIP), and Montana Rest Area Plan.

Below: One of several new designs for Montana State Rest Areas.



Fig. 2.27: Airline Routes To/From Montana

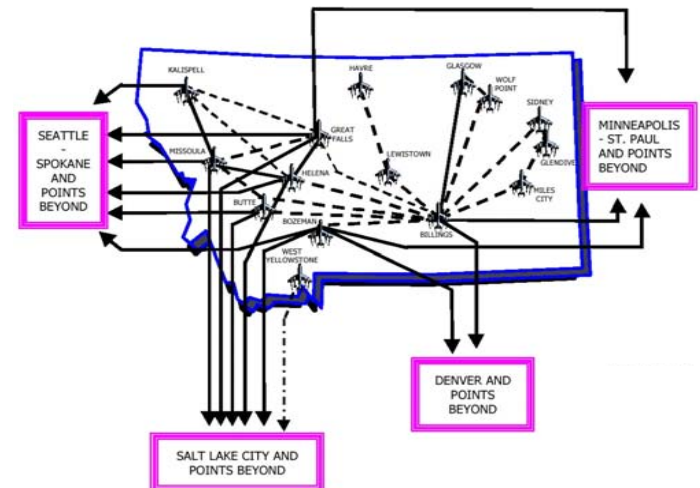


Table 2.3: Commercial Air Service Enplanement Trends by Airport

Airport									Percent Change 1993-2000
	1993	1994	1995	1996	1997	1998	1999	2000	
Billings	303,855	308,493	331,146	322,023	317,521	327,304	339,855	359,524	18.3%
Bozeman	174,256	172,502	185,710	195,246	207,352	217,308	221,997	242,650	39.2%
Butte	36,742	38,450	38,754	43,461	44,087	44,747	49,133	48,821	32.9%
Great Falls	122,376	119,806	124,538	121,315	123,181	126,216	136,066	141,833	15.9%
Helena	56,176	60,813	63,002	68,368	72,614	76,683	79,862	76,473	36.1%
Glacier Park	89,490	101,715	114,031	121,341	130,638	133,615	146,770	158,821	77.5%
Missoula	165,154	165,091	175,027	175,647	192,000	202,277	221,387	232,738	40.9%
TOTAL	948,049	966,870	1,032,208	1,047,398	1,087,393	1,128,150	1,195,070	1,260,860	33.0%

Without nonresident visitors, Montana would not have the level of passenger air and rail service that it currently enjoys.

Planning efforts for increased tourism must include planning for impacts on local infrastructure and services, such as water/sewer, telecom & EMS.

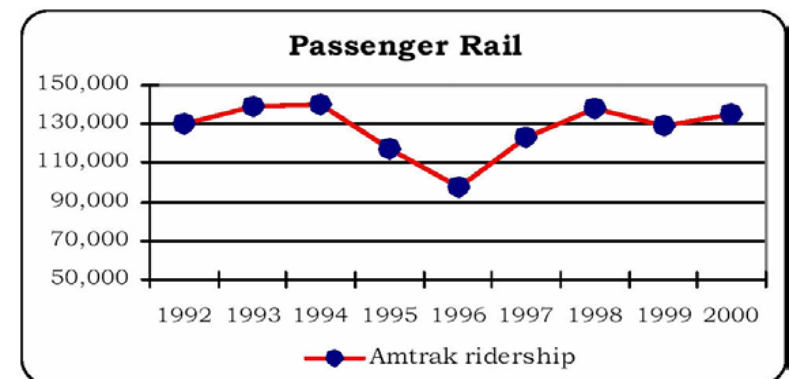
135,421 passengers. Of that, 42% of the ridership came through the Whitefish station. Shelby and Havre each saw about 12% of the ridership, and the remaining 34% (46,925 riders) was divided among the other nine stations. Without nonresident tourists, Amtrak would not be able to offer service along the hi-line in Montana. Future Amtrak service may be at risk, depending on congressional support.

Tourism and recreation cannot function successfully without local infrastructure, such as water/sewer services, utilities, EMS and telecommunications. The condition of local infrastructure and services varies greatly across the state, but increases in tourism have an impact on them. Planning for this impact is part of the tourism development process.

Table 2.4: Commercial Air & Car Rental Service by City

Billings	Bozeman	Butte	Glasgow	Glendive	Great Falls	Havre	Helena	Kalispell	Lewistown	Miles City	Missoula	Sidney	West Yellowstone	Whitefish	Wolf Point		
X			X	X	X	X	X	X	X	X	X		X	X		Big Sky	Airlines
X	X	X			X		X	X		X			X			Delta	
X	X	X			X		X	X		X			X			Horizon	
X	X	X			X		X			X			X			Northwest	
X	X	X			X		X			X		X				Sky West	
X	X									X						United	
							X						X			Smart Air	Car Rentals
X		X		X	X		X	X		X	X	X				Avis	
X	X	X		X	X		X	X		X			X			Hertz	
X	X	X	X		X	X	X		X			X	X			Budget	
X	X	X			X		X	X		X						Enterprise	
X	X				X		X	X		X						National	
X							X			X						Dollar	
X										X						Thrifty	

Fig. 2.28: Amtrak Ridership in Montana 1992-2000



Funding and Public Policy

The tourism and recreation industry needs a rational, consistent public policy environment to be sustainable – as does any industry. Changes in public policy over time are inevitable as public (citizen) opinion changes, and new leaders are elected. However, a rational, common-sense approach to public policy allows sustainability in the industry and state's economy, while protecting the values of Montanans. Public policy decisions can dramatically impact tourism and recreation. For example, changes in regulations or fees affect the profitability of businesses; tax rates affect the disposable income of citizens. Public policy also affects infrastructure that supports tourism and recreation, such as funding subsidies for passenger rail or air service, historic preservation, the arts or road maintenance.

The tourism and recreation industry also needs strategic, cooperative marketing efforts to promote its products and services to Montanans and nonresident tourists. As in many other states, Montana has a lodging tax to fund tourism promotion and development (see Montana Code Annotated 15-65, Appendix B). That is, Montana lodging properties collect from their customers a 4% tax on each room night or RV/camping space rental. This concept for funding tourism promotion is similar to a producer's fee at the point of sale (check-off program) to fund the marketing and research efforts of the Montana Wheat & Barley Committee or the Montana Beef Council. These revenues provide a stable, dedicated fund for industry promotion and development, which keeps Montana in the minds of state, national and international travelers who are planning their vacations, conventions, family reunions or other trips.

The 4% Montana lodging tax is in addition to any other local taxes, such as a resort tax. According to the Travel Industry Association of America (TIA), the national average tax rate on hotel rooms is 12% (including any sales tax and local option taxes, such as resort, city or convention/auditorium taxes). Over the past decade, lodging tax collections in Montana rose from \$6.06 million in 1990 to \$11.5+ million in 2001, an 88% increase. Figure 2.29 at right shows how the lodging taxes were used in 2001 (see Appendix B for statutory distribution details). Of the \$11.5 million collected in 2001, \$8.7 million was used for tourism and recreation promotion and development programs and staff at the state, regional and CVB level. Of that, \$2.6 million was spent by Travel Montana on state advertising. The remaining \$2.8 million in lodging tax went to support the Montana Dept. of Fish, Wildlife & Parks, the Montana Historical Society (capitol tours, L&C Commission & grants, Scriver storage), Montana Heritage & Preservation Commission, Univ. of Montana tourism & recreation research, Montana Trade Program, State Agency Lodging Fund and the Dept. of Revenue (for lodging tax administration/enforcement).

Fig. 2.29: 2001 Montana Lodging Tax Uses

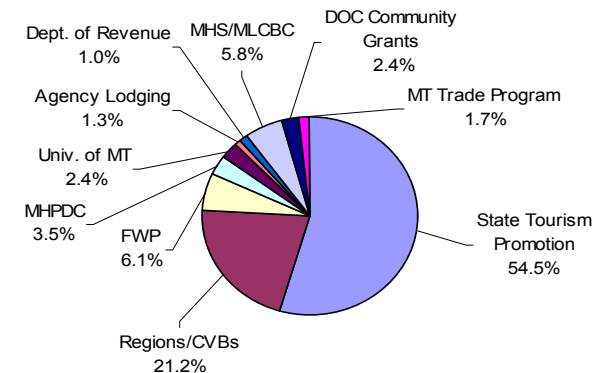


Table 2.5:
2001 Uses of Montana Lodging Tax

Tourism Promotion:	
Dept. of Commerce	\$6,294,078
16 Tourism Regions/CVBs	2,446,680
Community Grants (DOC):	
Cmty Tourism Assessment	280,000
Tourism/Rec'n Infra, Events	
MT Fish, Wildlife & Parks	706,819
MT Historical Society	674,702
Historical sites/signs	
L&C Bicentennial Comm/grants	
Capitol tours, Scriver Collection	
MT Heritage Preservation & Development Commission	400,000
Acquire/manage historic property	
Univ. of MT/ITRR - Research	271,853
Montana Trade Program (DOC)	200,000
Agency Lodging Reimbursement	150,014
State employee lodging	
Dept. of Revenue	115,395
Collection/admin/enforcement	
TOTAL:	\$11,539,542



Canoeing on the Missouri River

A top priority for tourism and recreation planners is to serve the needs of Montanans first: preserve their recreation opportunities, natural environment and affordability of recreation.



Great Northern Center, Helena

Tourism provides revenue for businesses, taxes, jobs, fish & wildlife management, recreation facilities, historic preservation, events, and transportation services.

D. Tourism & Recreation Challenges and Threats

Montana has a strong tourism and recreation industry. However, in spite of (and partially because of) its strength, it also faces a number of challenges and threats which must be addressed to ensure that the industry is sustainable, and consistent with the values of Montanans. During the planning process for this document, public outreach efforts revealed a number of consistent and clear messages from Montanans about tourism priorities:

- Serve Montanans first: preserve recreation opportunities, natural environment, affordability
- Maintain the lodging tax for tourism promotion and development
- Address access issues on public and private lands
- Improve Montana's transportation system for residents and visitors
- Retain community heritage, character and sense of place
- Expand heritage and cultural tourism
- Protect Montana's natural, historic and cultural assets: focus on quality, monitor impacts
- Enhance traveler services: rest areas, visitor information centers, signs
- Increase Montanans' awareness about tourism/recreation benefits and impacts
- Address the need for statewide, four-season tourism activities/events/attractions
- Build better collaboration between sectors, organizations, communities and regions
- Provide support systems to assist locally-owned businesses
- Continue the State's lead role in tourism promotion, partnered with regional/local efforts
- Improve tracking and dissemination of results of tourism promotion efforts

In response to public input, the planning team has identified the issues on the following pages as key challenges and threats facing the tourism and recreation industry.

D.1 Tourism Must Balance the Needs of Montanans and Nonresident Visitors

Tourism – both resident and nonresident visitation – provides many economic and social benefits to Montana: revenue that supports businesses and generates taxes, jobs, fees for fish and wildlife management, revenues for recreation facilities and historic preservation, event attendance, transportation services, diversity of human perspectives, etc. However, in some parts of the state, at certain times of the year, the number of nonresident visitors appears to have an increasingly negative impact on the experience of Montanans, based on public input received by the planning team. This is particularly true for fishing and hunting. But the impacts need to be quantified. Recent research by the University of Montana found:

Montana residents generally agree that the overall benefits of tourism outweigh the negative impacts, and they do not feel that the state is becoming overcrowded because of tourists.¹ There are concerns, however, that *increases* in tourism may affect the overall quality of life in Montana, and negatively impact natural, cultural, and historic resources.

Additionally, the 2000 Community Tourism Assessment Program resident attitude survey (ITRR Report 2001-4) found that Montanans are unsure about tourism's influence on quality of life. This study revealed that *most Montanans are not well informed* about the tourism industry or its influence. The study concluded that *residents lack the information necessary to determine whether or not increased tourism will impact their quality of life*.

These findings indicate three key challenges for the tourism and recreation industry:

1. Better information is needed to determine exactly where, when and how Montanans are being negatively impacted by nonresident visitors (as opposed to other resident visitors).
2. Montanans need better information about the tourism industry, its benefits and impacts, in order to develop informed opinions about tourism's impact on their quality of life.
3. Proactive, cooperative action is needed to address key areas of concern or conflict.

In specific areas and seasons when impacts are problematic, the tourism and recreation industry needs to work proactively with local, state and federal agencies to develop solutions. Examples of methods for addressing conflicts include:

- Site/facility enhancements to handle increasing visitation (where desirable and practical)
- Limits on the number/type of visitors to a specific area (permits, allocation, etc.)
- "De-marketing" of a specific area or site so that it is used primarily by "locals"
- Marketing of alternative areas/activities/seasons to encourage visitation elsewhere
- Reliable tracking and monitoring of visitation, impacts and resident attitudes

Montana's tourism promotion campaigns have historically focused heavily on the state's natural assets: wide open spaces, mountains, rivers, forests, fish, wildlife and nature-based recreation. As a result, Montana attracts nonresidents seeking those types of experiences. If Montanans feel that there are too many nonresident sportsmen or other outdoor recreationists, promotions could de-emphasize natural/primitive experiences, and focus on more controlled or developed experiences – in the context of Montana's natural environment and surroundings.

Montana's tourism promotion campaigns historically have focused heavily on the state's natural assets: wide open spaces, mountains, rivers, forests, fish, wildlife and nature-based recreation. As a result, Montana attracts nonresidents seeking those types of experiences.

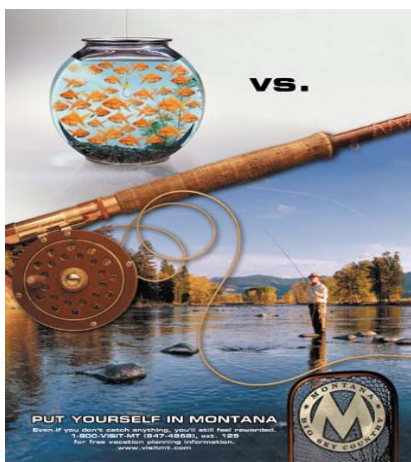
Key Challenges regarding Balance between Residents & Nonresidents

1. Tourism planners and promoters need specific information about where, when and how Montanans are negatively impacted by nonresident visitors.
2. Montanans need information about the benefits and impacts of tourism.
3. Proactive, cooperative action is needed to address conflicts.

"The advertising promotes Montana as a great place to go camping. We need more focus on images that bring tourists who will spend money in our hotels and communities."

- Tourism industry representative

¹ UM Institute for Tourism & Recreation Research (ITRR) Report 2001-5



Montana Tourism Ad

Nationally, all State tourism offices budgeted a combined \$686 million for promotion in fiscal year 2000-01.

Of that, public sector funds represented 92%, or \$631 million. Illinois alone spent \$61.1 million on tourism promotion in FY 2000-01. Montana spent about \$4 million.



4-wheelers in Cooke City

D.2 Lodging Tax Funding for Promotion is Critical to Tourism Sustainability

Montana's tourism and recreation industry is composed primarily of organizations with very limited budgets (small family businesses, state/local agencies, regional tourism groups, and local nonprofit and volunteer organizations). These organizations do not have the resources to promote effectively to statewide or national markets. Therefore, cooperative efforts are necessary to create and develop a destination image for Montana that will attract desired resident and nonresident tourists. Without cooperative promotion efforts, Montana would not be "on the map", because as tourism has grown to a \$454 billion industry, competition for visitor dollars is fierce. Compared to many other destinations, Montana's tourism promotion efforts are miniscule (Illinois spent \$61.1 million on tourism promotion in fiscal year 2000-01).

Promotional communication with markets is critical, and messages must be strategic and targeted. Montana's tourism industry is younger than those in many eastern states or other countries, so it has not developed the level of marketing cooperation and sophistication of more mature destinations. Therefore, state-led tourism promotion that is funded by the lodging tax is critical to the industry's success and sustainability. TIA reports that, nationally, state tourism offices budgeted a combined \$686 million for promotion in fiscal year 2000-01. Of that, public sector funds represented 92 percent, or \$631 million. States use \$178 million of the total for domestic advertising (average of \$3.6 million each), and about \$50 million of the total for international advertising. Cooperative state and regional promotion efforts funded by lodging tax ensure that all organizations are represented – not just large corporate interests. Strategic promotion efforts need to continue enhancing year-round revenues in order to create economic stability, higher-wage jobs and sustainable businesses, particularly in rural communities.

D.3 Land and Wildlife Management Issues are a Top Concern

Access to public and private lands, and protection of Montana's natural resources, were top priorities among participants in public meetings and online surveys conducted by the planning team. Issues related to public land management included backcountry vs. front country access and management, motorized vs. non-motorized uses, restrictions, allocations, wilderness and roadless areas, endangered species, sensitive areas (impacts), and management of game animals. Issues on private lands included Block Management, access to public lands & waters, and management of public wildlife. Details of each issue are too voluminous to describe in this document; however, key challenges are the following:

1. Discussions of land management issues must involve participants from all perspectives: citizens, agencies, representatives from communities, tourism industry, sportsmen's organizations, tribes, wildlife and conservation organizations, historical/cultural groups.
2. Solutions need to focus first on "ends" – finding common ground based on the values of Montanans, then to focus second on "means" – ways to achieve the "ends."
3. Sustainability and high quality experiences are key goals; however, defining these terms in tangible, measurable ways presents its own challenges.
4. In order to properly manage resources, either for "natural" or "developed" experiences, baseline data and regular monitoring of impacts are necessary. In many cases, good baseline data does not exist – or is not collected in a consistent format – so as to measure problems or progress.
5. A number of "hot spots" were identified by citizens and land managers as areas of concern related to tourism and recreation growth (see Figure 2.30). These "hot spots" include: Big Hole, Gallatin, Upper Missouri, Blackfoot and others.
6. Agencies that manage public lands and wildlife face limited funding/budgets/staffing to effectively manage and monitor all issues and sites. Cooperative partnerships with local and regional organizations are necessary for land management challenges to be addressed effectively.
7. Changing population demographics (e.g., aging Baby Boomers) and a strong economy have increased demand for motorized recreation (Figure 2.31).
8. Low commodity prices force private landowners to seek alternative revenue sources from their land. Maintaining public access entails significant commitments of landowner time and resources, with little or no compensation.
9. Projected visitation during the Lewis & Clark Bicentennial could present significant short-term impacts. Preparations are progressing, but more is needed if projections are accurate.

It is incumbent upon Montana's tourism and recreation industry partners to address land and wildlife issues proactively – to be part of the discussions and solutions – if the tourism industry is to receive continued support from Montanans.

Fig. 2.30: Hot Spots Map

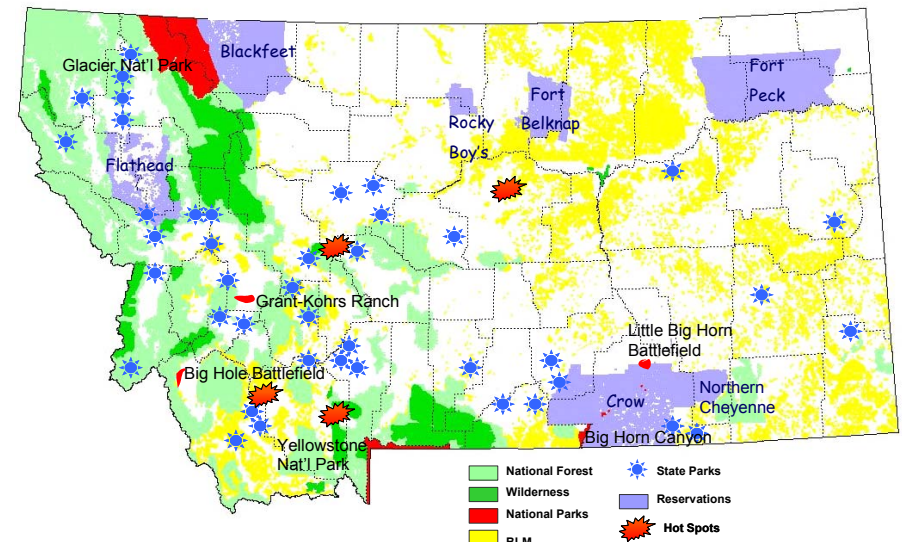
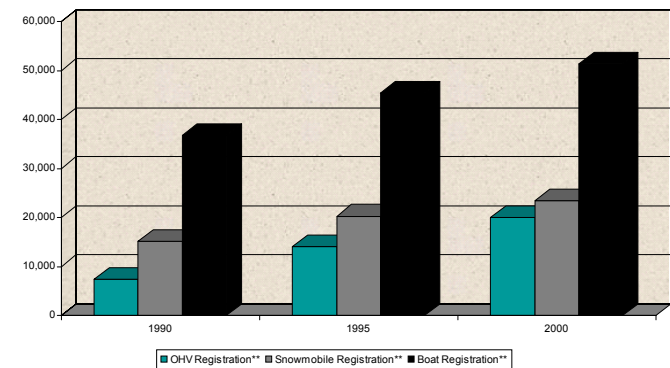


Fig. 2.31: Motorized Recreation Trends in Montana





Montana's sparse population makes transportation infrastructure extremely expensive and inefficient on a per capita basis. Tourism supports enhanced transportation services, which benefit Montana citizens and businesses.



Nevada City

Tourists can help pay to preserve Montana's historical and cultural assets through entrance and tour fees, donations to historic trusts, participation at special events, and awareness-building beyond Montana's borders.

D.4 Transportation is Key to Montana's Economic Stability

Montana's remote location from urban populations on America's east and west coasts requires efficient and cost-effective air and ground transportation to sustain tourism. Moreover, Montana's sparse population (902,000, or 6.2 people per square mile) makes transportation infrastructure extremely expensive and inefficient on a per capita basis. Transportation services support all of Montana's industries, from tourism to agriculture, high-tech to retail. Tourism helps transportation carriers/agencies generate revenues (tickets, gas taxes, airport fees, car rentals) that sustain service for Montanans. Transportation challenges include the following:

1. Seasonality of tourism in Montana decreases profitability and service of transportation carriers (airlines, car rental agencies, passenger rail, shuttle services, etc.).
2. Amtrak's future is uncertain; the Empire Builder route could be eliminated.
3. Impacts from increased tourism and recreation at specific sites will necessitate alternate transportation modes (shuttles, etc.).

Transportation solutions are neither easy nor inexpensive. Strategic decisions and actions by Montana's tourism industry can assist and complement the transportation needs of Montana's other industries, and benefit all Montanans.

D.5 Heritage and Cultural Assets are Important to Montanans and Visitors Alike

Montana's history and culture are rich and varied, from Indians to Virginia City, Lewis & Clark to the copper barons, cattle drives to plow shares, folk music to symphony, civic theater to off-broadway, traditional crafts to modern art. Preservation and enhancement of irreplaceable historical and cultural assets not only are important to Montanans, but they also are significant tourist draws. Heritage and cultural travel is the largest and fastest growing segment of the tourism industry worldwide. Tourists can help pay some of the costs to preserve Montana's treasures through entrance and tour fees, donations to historic trusts, participation at special events and awareness-building beyond Montana's borders. As state and federal budgets tighten, entrepreneurial approaches are increasingly important to preservation of historic and cultural assets. These treasures are attractive to tourists because they are unique to Montana, so inclusion of historic/cultural sites and events in packaged tours and heritage/cultural corridors will encourage greater awareness and support of them among tourists and Montanans alike. Corporate support can be garnered when historic and cultural groups partner with other organizations within the tourism industry.

D.6 Diversification of Tourism is Critical to Sustainability

Montana is changing. Tourism is changing. Customer tastes and preferences are changing. Change is inevitable. But it is possible to manage the degree of change, and the direction of change, based on the values and priorities of Montanans. To maximize the economic benefits of tourism while minimizing negative impacts, tourism must be diversified, and distributed throughout the year. Promotion of activities like fishing can be de-emphasized for nonresidents in order to minimize conflicts. Meanwhile, activities like heritage/cultural travel and meetings/conventions, which maximize existing assets without significant impacts on residents' favorite recreation spots, can be emphasized. Visitor activities can be managed through packaging of attractions, daily itineraries and suggested tour routes that avoid Montanans' favorite fishing holes or hunting camps. More money can be captured from pass-through travelers by providing enhanced visitor services, to maximize revenue and jobs from existing markets. The needs of emerging markets, such as "Weekend Getaway" travelers, "Extended Family" groups and "Geo-tourists" can be met with specific packages, products and services which complement, rather than compete with, the needs of Montanans.

D.7 Traveler Services are Key to Enhancing Quality Experiences

According to University of Montana research in 2000-2001, pass-through travelers represent nearly one-half of all travelers in spring, and about one-third of travelers in winter. Only 64% of these visitors were satisfied with the availability of travel information during their trip through Montana (verses 71% of summer travelers satisfied). Less than half of Winter travelers, and only 59% of Spring visitors, were satisfied with the availability of rest areas (verses 61% of Summer visitors). About 80% of visitors were satisfied with directional signage, with Winter visitors being slightly less satisfied. Many VICs are open only from Memorial Day to Labor Day, so visitors who travel in shoulder seasons often are left to fend for themselves. If a goal is to increase off-peak season travel, *visitor services must be enhanced to serve those tourists during off-peak times*. One way to accomplish this is to create partnerships for visitor services with public, private, nonprofit and tribal entities. Although staffed visitor centers are optimal, static visitor information displays and brochure racks or kiosks at rest areas and other high traffic locations are helpful. Staffing and volunteers can be shared between several partner organizations to lighten the load of any single organization.

Additionally, as tourist tastes and preference change, businesses need to adjust their products and services to meet the changing needs of their customers. Business support services

What is a Geo-tourist?

"Geotourism" is defined as tourism that sustains or enhances the geographical character of the place being visited - its environment, culture, aesthetics, heritage, and the well-being of its residents. 55 million Americans are now classified as sustainable, or *Geotourists*.



Bozeman Rest Area

Pass-through travelers represent nearly half of all travelers in spring, and nearly one-third of travelers in winter. Enhanced visitor services would better capture the pass-through tourist's time and dollars.

"Circle the wagons and shoot in."

When tourism and recreation entities focus on conflict, turfism and competition within the state, no one wins. Montana's competition is not from within – it is from other states and countries globally.

Montana is not an easy destination to "buy" – it must become more user-friendly to attract the most desirable customer markets.



Beartooth Highway

and technical assistance are critical to providing high quality visitor services and overall excellence in tourism to both resident and nonresident visitors.

D.8 Effective Tourism Requires Good Information, Cooperative Efforts

Good planning and decision-making require good information. The University of Montana has extensive statewide research about Montana's nonresident visitors. However, key details about resident and nonresident tourists, and regional differences between visitor trends and demographics (in specific areas, sites and seasons) are sketchy or nonexistent. Visitor counts at many key sites – some that may be experiencing increased impacts – are unreliable. The amount, consistency and accuracy of visitor information must be enhanced so that effective decisions can be made regarding tourism promotion, asset management and support services.

Additionally, Montana tourism industry partners need to be just that – partners. Montana's regions, cities, attractions and events are not competing with each other for nonresident visitors – they are competing with other states and even other countries globally. To put Montana on the map for targeted high-value visitor segments, they must work together. Conflict, competition and turfism only create an atmosphere of "circle the wagons and shoot in" – no one wins. As stated earlier, Montana spends about \$4 million on state promotions, versus states like Illinois that spend \$61 million. The only way that Montana can compete for targeted visitor markets is to leverage dollars between public, private, tribal and nonprofit organizations. The lack of cooperation and coordination sends mixed messages to potential customers – creating information clutter and confusion. Montana's niche and image for specific markets (conventions, destination skiing, cultural attractions, golf) is not clearly defined or promoted consistently by state and regional partners.

In a society where time is money, consumers will buy the products that are most user-friendly and understandable. Montana is not an easy destination to "buy" – there are few opportunities for "one call" service and packaged experiences. Cultural and heritage corridors, scenic byways, loop tours and theme trips all provide user-friendly vacation planning for potential customers. Montana's tourism and recreation partners must focus on developing and packaging their product effectively if they are to attract desired tourist customers – those that will complement the values and priorities of Montanans.

The next chapter delves further into the subject of potential tourist markets, their characteristics and needs, and identifies top priority markets for Montana that are consistent with the values, vision and goals identified in this Strategic Plan.

Summary of Existing Conditions

While Montana's population and tourism industry has grown over the past decade, its economic growth and diversification has lagged behind national averages and surrounding states. Montana is last among states in wages and income. The tourism industry can contribute significantly to Montana's economy and job base, but, as in other economic strategies, tourism must be diversified and developed strategically to attract high value, low impact visitors, and to create stable, year-round jobs with benefits. Problems with seasonality and regional differences must be addressed to the extent possible, with strategies to increase heritage and cultural tourism, meetings and conventions and specialty packages for targeted customer markets. Support services need to be enhanced, such as visitor information services and transportation. Negative impacts on residents' quality of life and Montana's natural resources need to be minimized by attracting sustainable, low-impact visitors – those looking for developed cultural experiences rather than primitive natural ones. Montana's small businesses need support through technical assistance and education, and statewide efforts must be supported by public policy and lodging tax funding to be effective. Finally, tourism industry partners must work together as a team to be competitive in a global tourism market.

The tourism industry can contribute significantly to Montana's economy and job base, but, as in other economic strategies, tourism must be diversified and developed strategically to attract high value, low impact visitors, and to create stable, year-round jobs with benefits.

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